

# CHINA AND REGIONAL SECURITY: IMPLICATIONS FOR PHILIPPINE POLICY\*

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## Introduction

Thank you for your kind invitation for me to speak on “China and Regional Security.” This is a timely conference in the light of drastic global and regional changes which impinge on our country and the need to reassess our previous security agreements.

Many nations are encountering cataclysmic changes which force them to alter their political and economic vista of the world. It is appropriate that we meet to assess these changes and arrive at a better view of the economic and political balance of power in our region, not to speak of arriving at a common position on our foreign policy directions based on domestic needs and goals at the end of the century.

Certainly, in order to discuss China’s position in relation to the security of our region, we have to examine first China’s policy initiatives, and secondly, we need to study and evaluate the

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changes taking place not only in our region but throughout the world. By considering all of these aspects we can draw lessons on how best we can formulate our policy towards China.

**First, we must take note that we no longer live in a bipolar world.** The communist governments of Eastern Europe and the Soviet Union have disintegrated. The other major communist countries, mainly in Asia such as China, North Korea, and Vietnam, are facing a host of complex internal problems that affect their very survival and are, therefore, redefining and readjusting to domestic and international requirements for their security and well-being. Yet, for nearly 40 years, or for most of the post-World War II period, the conduct of our foreign policy were based mainly on responding to the challenges of a bipolar world. Our major treaty agreements, such as the Military Bases and Mutual Defense Agreements with the United States, were included precisely to align ourselves with the “free world” against the “communist world.” Our membership in the Southeast Asia Treaty Organization, a regional security agreement, was intended to ward off the “expansionist and predatory ambitions” of the Soviet Union and China. We believed then that these efforts were policy initiatives for advancing our perceived national interests.

We must also realize that for almost a generation, our foreign policy preoccupation was our relations with the US, reflected particularly in the military bases agreement. Many of us viewed the bases as the defense umbrella to protect us from attacks by the big powers in the region, especially the Soviet Union, China, and the Indochina states. So paramount was our preoccupation with our relations with the US that all other countries were viewed from this narrow perspective. It was not until the late 1970s that our leaders broadened the range of our foreign policy to take into proper account our Asian, Southeast Asian, and Middle Eastern neighbors and pursued a more conciliatory stance towards the communist and socialist countries.

**For the past two decades, economics, not politics, has taken command in international relations.** In our region, we are seeing the market economies of Japan, Taiwan, and South Korea becoming models of development. Now, it appears that every developing country wants to transform its economy into a “tiger” or a “dragon” of sorts. For most world leaders, it has become an accepted dictum that the stability and external influence of a nation are contingent upon the state of its economy, not its politics.

In fact, the pursuit of economic resources to help economic development has become one of the primary concerns of most Asian nations. The search for energy resources, whether on land or underwater, has suddenly become the main preoccupation of many Asian countries. New laws are being passed by Asian countries to reassert their sovereignty over contested territories. There is a growing trend that nations will regard possession and control over vital natural resources as the basis for new power alignments and/or as a source of flashpoints in the near future. Our worries about China’s reassertion of its sovereignty over the contested islands in the South China Sea is a case in point.<sup>1</sup>

In 1975, we took the stand that we have a one-China policy. This was partly dictated by our leader’s perception that we needed oil from China and we wanted her to restrain our local insurgents so that we could concentrate on our internal economic development. Of course, it was also the belief of the leadership that with America’s defeat in Indochina, the Americans would withdraw militarily from Southeast Asia. It was the perception that diplomatic relations would give us the flexibility to deal with China in economic and political terms. Today, the desire of some of our legislators to institute a two-China policy is also motivated by similar economic considerations. With Taiwan’s over USD 80 billion surplus, we want Taiwan to help develop our economy into one of the “dragons” of Asia.

**The economies of most socialist or former socialist and developing countries are now being rapidly integrated into the global economy.** This means that socialist, former socialist, and developing countries will be competing to become production sites of the global factory, seeking to combine low-cost labor, raw material resources with capital, and technological advantages through cooperative arrangements (such as licensing agreements, joint ventures, and subsidiaries).<sup>2</sup> Whereas, in the late 1960s to the 1970s, Third World countries took part as a bloc in world political decision-making when over 70 percent of its members suffered from heavy debt burden and economic stagnation; the 1980s, on the other hand, saw the end of the Third World acting as a collectivity.

**The ascendancy of economic consideration over political ideology has delegated domestic, regional, and international politics to the background.**<sup>3</sup> China, North Korea, and Vietnam, despite protestations to the contrary, no longer consider Marxism-Leninism and Mao Zedong Thought as sacrosanct. This is all the more true in the case of China who is pursuing vigorously a program of an open market economy as early as the mid-1980s. When national interest dictates, these countries have set aside political ideology in favor of obtaining international economic support and investments. Perhaps, the most stunning statistic for those who have concerned themselves with the People's Republic of China-Taiwan political rivalry is the more than 3,500 Taiwan firms operating in China today. This goes to show that ideological rivals are not necessarily incompatible economic bedmates. Again, China's joint venture with the Crestone Company to explore the energy and underwater resources of the South China Sea demonstrates the flexibility and ease with which China pursues economic goals.

**Contributing to China's ideological accommodation and flexibility is the easy access and rapid dissemination of information and communication.** Since the mid-1970s, China has availed of technological advances in information and communication systems, such as transport facilities and infrastructure, telephones, telegraphs, radio, television, computers, fax machines, and others. Widespread dissemination of information and quick transport and communications help break down rigid control of the way people think and behave and open their eyes to the variety of world economic and political systems. In its wake, political and cultural barriers set up in the 1950s are swiftly eroded.<sup>4</sup> It is now more difficult for leaders in China, Vietnam, or the Philippines (Marcos tried but failed), to dictate the information or make their respective peoples believe in the superiority of their economic-political system. At the same time, with the freer flow and exchange of information, people tend to mobilize themselves and are more likely to challenge and even contest political elites. The free flow and exchange of information spells the end of dictatorial and oppressive regimes who sought to justify their authority on the basis of *raison d'être*.

The students' and workers' protests in Tiananmen in 1989 was aided in no small measure by wide distribution and access to media and computer technology. Chinese leaders could no longer conceal corruption, nepotism, and mismanagement. For instance, one of the most widely circulated pieces of information that brought about widespread outcry from the people was a list of all the children and grandchildren of the Politburo and Central Committee members who enjoyed excessive privileges and perquisites of power-chauffeured cars, villas, scholarships abroad, sinecures, and others. This list was faxed all over China and triggered unrest in many outlying provinces.

Ironically, however, the pro-democracy advocates of Tiananmen were unable to offer a better alternative to the existing Chinese

communist regime, given the violent and depressing outcome of the breakdown of the USSR and Eastern Europe. Inter-ethnic slaughter, civil wars, food shortages, massive unemployment, and population displacements are some of the most appalling results of the dismantling of the USSR. It appears that the pro-democracy advocates of Tiananmen are on the defensive as they watch the on-going developments in the former USSR and Eastern Europe. Nonetheless, it is obvious that the ruling Chinese Communist Party is modifying, if not drastically changing its methods of governance.

**Precisely because of these changes and developments, security concerns are also changing.** To most analysts, because of the decline of communication and the adoption by most countries of global economic cooperation, joint ventures, and networking, there is little likelihood of a major conflict in Asia: conflict “is at its lowest point in this century.” Moreover, the age of nuclear holocaust seems over. In fact, most major powers in the West have reduced their defense budget by 20 to 25 percent since 1991. However, in Asia and the Pacific Rim, there seems to be a reverse trend or a mini-arms race going on. A good example of a mini-arms race in the Asia-Pacific Rim is the Philippines, where we find what seems to be a contradictory set of priorities. While the economy is in dire straits, the military leadership insists on modernizing its armaments. All the while, the military is claiming that it has successfully defeated the insurgents (both of the left and the right) and acquiesces with the government proposal to grant amnesty to all rebels.

**There will be no power vacuum in our region.** The US will remain in Asia.<sup>5</sup> In the words of President Bush:

“Although much of our heritage comes from Europe, our future points equally importantly to Asia. ...Asia has transformed itself in

the space of a generation into the most rapidly growing region of [sic] the face of the Earth. Together, we generate nearly half of the world's gross national product. We will deepen our partnership with our Asian friends."<sup>6</sup>

However, part of the US defense strategy has been changed. Among others, it will not keep fixed bases on foreign soil. The emphasis will be on staging areas with access to small naval and air bases kept in readiness by its allies. The US will not commit large American ground forces but instead will rely on allied ground forces that it will train and maintain readiness through annual joint military exercises. In short, we will see the resurrection of the 1969 Guam Declaration, better known as the Nixon Doctrine, with some modifications. The exclusiveness of past ties, which involved patron-client relations, is now passé, if not out of the question entirely. This means that if there be a shooting war between the Philippines and say, China or Malaysia regarding the contested islands in the South China Sea, the Mutual Defense Treaty, notwithstanding, it is unlikely that the US Congress will declare war against China and Malaysia. While still on the top of industrialized nations of the world, the US economic strength has diminished compared to Germany and Japan. The new American global strategy, in the words of Theodore Sorensen (1990, 16), means that in order for the US to maintain a credible deterrence, it should retain its military presence, albeit reduced, in both the European and Asian theaters while, at the same time, enhancing diplomatic and economic engagement.<sup>7</sup>

Nevertheless, a fundamental re-examination of our national security posture should result in an American military machine vastly reshaped and reduced, reoriented more towards the speedy projection of conventional deterrent forces to other parts of the world, towards local low-intensity conflicts and terrorist activities, towards hostile acts by undemocratic and unpredictable governments... towards the defense of strategic resource supply

lines, towards curbing the proliferation of nuclear, chemical, and ballistic weapons capabilities.<sup>8</sup>

The US Secretary of State described the new framework of its Asia-Pacific strategy in the following terms:

“To visualize the architecture of US engagement in the region, imagine a fan spread wide, with its base in North America and radiating west across the Pacific. The central support is the US-Japan alliance, the key connection for the security structure and the new Pacific partnership we are seeking. To the north, one spoke represents our alliance with the Republic of Korea. To the south, others extend to our treaty allies – the Association of Southeast Asian (ASEAN) countries of the Philippines and Thailand. Further south a spoke extends to Australia – an important, staunch economic, political and security partner.”<sup>9</sup>

Connecting these spokes is the fabric of shared economic interests now given form by the Asia Pacific Economic Cooperation process. Over time, we should strive to draw China and the Soviet Union or the Russian Republic closer to the system.<sup>10</sup>

**Japan has become an economic superpower and the undisputed regional economic power in Asia and the Pacific.**<sup>11</sup> Japanese economic might and reach are manifested in high technology industrial sectors, international finance (owing to the country's large capital exports), and in the exclusive manufacturing of cutting-edge, militarily high-tech components for the US defense industry.<sup>12</sup> Although for over 40 years of seeming uninterested in global political and security affairs, Japan is beginning to use its economic power for political purposes and not just for keeping a purely defensive military strategy.

Among the major powers in the Asia-Pacific region, Japan is the only ally of the US.<sup>13</sup> Ironically, the US is also the number one economic rival of Japan in the region. Based on the US-Japan Tokyo declaration, the US will still have access to Japanese military bases, military technology, and funds to maintain US troops in



Japan. Japan, on the other hand, will now be America's surrogate in building up a "new world order" and, thus, will acquire big power status. But while Japan is ready to promote a "peaceful new world order," it is against American monopoly of superpower status. Japan also wants to become a permanent member of the UN Security Council, and at the same time, it wants to act as the "representative of Asia in the G-7 summits."<sup>14</sup>

All these changes and developments have elicited a lot of theories about new power alignments in Asia and the Pacific, particularly about China and regional security. In the current public discussions, some analysts have written off China as a big power in our region, believing that China will inevitably follow the path of the former Soviet Union and Eastern Europe. If the pro-democracy faction cannot topple the restrictive communist regime of the gerontocrats, a warped and unsuccessful economy will. Detractors contend that, on the contrary, China will be one of the leading powers in Asia. The Philippines and other ASEAN members will be strategically vulnerable because China will be contending with other powers, like the US, Japan, Russia, and India for paramouncy in the region. Whichever speculation will prove correct, China's economic development will have significant consequences on our own national development. If the second theory were correct, this means that much of the savings of Asia will go to defense spending. We must remember that it was the massive cost of maintaining a global defense structure that made the USSR bankrupt and that has weakened America's role as a paramount world economic power.

Before we discuss the merits of each theory, it is best that we examine developments in China that are germane to our thoughts on the role of China in our region.

It is not surprising to hear people talk in terms of two extreme positions: the inevitable downfall of China or China rising to become a significant regional power in the Asia-Pacific region. First of all, we must remember that China is the most significant

remaining member of the socialist camp. In June 1989, Chinese students, joined by workers, staged massive demonstrations that led Chinese leaders to end heavily armed soldiers into Tiananmen to stop their demonstrations.<sup>15</sup>

The Tiananmen crisis led many China watchers to conclude that it will not be long before the communist regime disintegrates completely. But contrary to their expectations, China did not follow the route of Eastern Europe or the Soviet Union. One reason given by economic analysts why things turned out differently in China was the modernization programs launched after 1978 “that went far beyond anything being attempted in the Soviet Union or Eastern Europe.”

Radical economic reforms were initiated. Central planning by the state sector was reduced; inefficient and non-productive communes were decollectivized; the country was opened to more foreign investments and tourism (regardless of ideological and economic differences); students (particularly the children of Central Committee members of the Chinese Communist Party) and scholars were sent to Japan and the West, especially America, for training; special economic zones were established; joint ventures with foreign capital were allowed; experiments with private enterprises, both in rural and urban areas, were encouraged; stock markets were organized; and rather than continuing state subsidy, the Chinese leaders allowed state enterprises to declare bankruptcy.

In fact, in 1986 and 1987, without incurring serious foreign debts, many Chinese farmers and entrepreneurs were reaping the fruits of these reforms. In the coastal regions of Guangdong and Fujian, one encounters farmers driving Toyota vans and bureaucrat entrepreneurs chauffeured around in posh Mercedes Benzes. New employment opportunities rose rapidly, especially in construction, labor intensive light industries, and in private and collective enterprises in the countryside. Indeed, many American

sinologists judged the workings of the reformed economy at that time as fairly successful, although others believed that unless China transforms itself into a market economy, the reforms were only stop-gap measures to escape the weaknesses of the Leninist-Maoist system.

But economic reforms and China's opening to the outside world have led to many consequent problems. By late 1988, China was suffering from runaway inflation, uneven distribution of state resources, income gaps between state officials engaged in entrepreneurial work and regular bureaucrats as well as college professors. While a large portion of the state budget was channeled to construction projects and other new enterprises, little was set aside for education, science, and research. It should come as no surprise that many Chinese bureaucrats resorted to corruption and nepotism. Accordingly, many Chinese know that most of their leaders have sent their children and grandchildren abroad for education and that their immediate families and relatives are engaged in lucrative foreign trade and other enterprises.<sup>16</sup>

From the point of view of the Chinese leadership, compounding the problems of inflation, corruption, nepotism, and escalating losses in the state-owned industrial sector are the demands for political liberalization by pro-democracy groups. At first, they were divided and indecisive in stopping demonstrations, for many in the leadership gave credence to the demands of the pro-democracy protesters.

The subsequent crackdown on the leaders of the Tiananmen demonstrators shocked many Chinese, including China's reformers under Deng Xiaoping who believed that the leaders, by allowing the demonstrations to go on for a week and relaxing the media coverage of the events, thought all the while that they were about to see the collapse of the Chinese Communist Party regime. Greatly horrified by the crackdown on the Tiananmen demonstrators were the China watchers and American leaders

who quickly lodged their protests over the brutal suppression of demonstrations and the unrelenting persecution by the Chinese government of protesters. In defiance of American demands, Chinese leaders refused to repent over the ruthless suppression of the demonstrations. The Chinese leaders defended their actions by claiming that the Tiananmen crisis was the outcome of a massive external conspiracy to subvert the Chinese government who accordingly was trying its best to bring about a “peaceful evolution” of their socio-economic-political system.

Adding to the frustration of the current leaders are the demands of the West, especially American congressmen and academic leaders that unless China stops its crackdown on political dissent, show respect for human rights, and introduce political reforms towards liberal democracy, the US will not extend the most-favored nation trade status to China. But American dissatisfaction with China lies beyond issues such as respect for human rights and liberal democracy. Quite apart from these considerations, Americans are unhappy over China’s refusal to limit its sale of nuclear weapons and missile technology to other countries, especially those hostile to the United States, as well as over China’s trade surplus with the United States and China’s alleged violation of intellectual property rights.<sup>17</sup>

Yet, despite initial worldwide sanctions against China as a consequence of the Tiananmen crisis, China’s economy quickly recovered a year after in 1990. China’s rampant inflation, which fueled the Tiananmen crisis, was successfully curbed, the balance of payments surged, and industry began to recover from the austerity program that started in the mid-1980s.<sup>18</sup>

According to the figures of the 1990 State Statistical Bureau, China’s gross national product (GNP) growth in 1990 was five percent compared with 3.9 percent in 1989. Tight credit controls instituted by the state slashed inflation from 25 percent in late 1989 to 3.5 percent by the end of 1990. Most foreign investors

who left in late 1989 have returned in mid-1990. Compared to 1989, joint-venture output showed an increase of 51.4 percent while private industrial output grew 21.6 percent. Although profits earned by state-owned enterprises fell by 59.4 percent during the first half of 1990, new foreign investment contracts by end of 1990 reached 3,000 with a commitment of over USD 3 billion.

Given these figures, it does not seem likely that China is going the way of Eastern Europe or the former Soviet Union. There is no doubt that the Chinese gerontocrats are finding it very difficult to reconcile the rules of a market economy with the principles of a regimented Marxist polity. It has been an accepted dictum that an open economy and a closed political system cannot coexist for long. However, projections for China's future political system indicate that the new generation of political leaders are more receptive to political relaxation. This means that with the passing of the gerontocrats, and as economic gains are achieved, China will have a more liberal leadership.

Whether socialist and Marxist thinking will remain or will be replaced by liberal democratic ideas as guiding principles among Chinese leaders is a big question mark. One thing can be asserted with confidence, that the foremost preoccupation of the Chinese leaders will be economic modernization – how to feed, clothe, educate, and provide decent livelihood to its 1.2 billion population. If China's foremost objective is to achieve economic modernization for the next five years or so, there can be no doubt that, along with economic growth, China will be one of the regional powers of Asia. This is understandable by virtue of the magnitude of China's territory, population, and rich and ancient civilization, which has influenced many nations of the world. China's decision to concentrate all her efforts in building up its economy is understandable for it is axiomatic that the health of an economy contributes to national security. Similarly, the amount

of money that an economy can provide a government defines the political and military strength of the state. In fact, in today's world, foreign policy begins with the understanding that a strong economy finances not only the defense budget, but it encourages trade relationships with other countries and reinforces diplomatic ties.

The truth is, China has been a big power in the region long before she embarked into its program of Four Modernizations. Its big-power status stems from its alliance with the Soviet Union and later, for having developed an independent nuclear and missile force on its own. In fact, reports from some research institutes show that China is the fourth or fifth largest arms merchant in the world. Americans complain loudly that the Chinese have not been judicious in their sale of nuclear and missiles weapons and armaments technology. Rumors are flying that the Chinese are now producing a prototype of the Patriot missiles courtesy of Israel. I understand that the Chinese are calling it the "Red Guard missile."

Against this background, is China a threat to our regional security? Most security analysts are agreed that for the next five or 10 years, China will be too fully preoccupied with domestic political and economic challenges to bother herself with the rest of the world. In fact, with the disintegration of the Soviet Union and the end of bipolar global power, the Chinese as well as other global leaders have found themselves without a clear idea of their role in the world.

This does not mean that there are no more security issues in our region. We must keep in mind that China's role as a big power in the region will be circumscribed by the presence of the United States' and Japan's own ambition in the region. But security issues are usually functions of economic relations. The contest for resources (such as energy and underwater resources) vital to economic development, investment, and productivity will now be the main preoccupation in the region.

We shall witness the exploration and exploitation of vital natural resources in contested waters and increasingly controversial territories. New regional alignments might emerge based on economic partnerships and alliances. Unquestionably, China will continue to assert her sovereignty over the Spratlys in the South China Sea and resolution of this issue will not be easy. Indeed, some scholars believe that China's "sweeping claims" to the South China Sea Islands, islets, cays, and reefs – the Spratlys, Paracels, and Diaoyutai (Senkaku) – could be a source of future conflicts in the region.<sup>19</sup> However, this does not mean that China will resort to force to enforce her will. Whether China will use force to back her claims depends on many factors, among them are the following: how the other claimants propose to resolve the issue; China's perception of the reasonableness of the other claimants; the position of the United Nations on the issue; and the position of other big powers such as the US and Japan on the issue. Personally, I believe that it is unlikely that China will settle the issue by force.<sup>20</sup>

China's foreign policy in the late 1980s and 1990s appears to be a reflection of her self-image as one of the leaders of the Third World in search for peace. In fact, Chinese strategic analysts believe that the solution to an "all quiet on the eastern front" situation is through a multilateral framework of regional cooperation. They propose the turning of the Sea of Japan from a sea of historical hostility into a sea of friendship through the building of regional economic communities embracing, for instance, Siberia, northeast China, eastern Mongolia, northwest Japan, North and South Korea. They also believe that the current differences in the South China Sea can be resolved through the economic cooperation of all parties concerned.<sup>21</sup>

That this view is correct can be gleaned from what Chinese leaders say about the world economy. They acknowledge the increasing interdependence of China with the international

economy. They also espouse international cooperative solutions to issues such as pollution, joint researches in regulation and eliminating diseases such as AIDS (Acquired Immunodeficiency Syndrome), narcotics control, and preservation and proper utilization of the environment for future generations.

Perhaps, in analyzing the place of China in our region and in the world at large, we must first get rid of our metaphysical view of China developed in the days of the bipolar world, which portrayed China as a dangerous aggressor ready to spread the disease of communism in all of Asia. Or, we must let go of our insistence that our entire relationship depends on Chinese compliance with our own view of the world or with our terms for settlement in areas where we have differences. We must learn to view the Chinese for what they are: a proud people seeking to modernize their society in a new and difficult world order. We have had many opportunities for fruitful and beneficial relations with China through sports, cultural and educational exchanges, trade, investments, joint ventures that developed mostly after we re-established diplomatic relations. It is our old views of China that have led us to be wary and ever suspicious of China. We fell victim to the Cold War propaganda and have been unable to rid ourselves of this recurrent and persistent fixation.

Perhaps, it is time that we hold dialogues with the Chinese and find out for ourselves what the acceptable arrangements are over issues such as the contested islands and waters of the South China Sea, Taiwan, trade and investments, and so forth. It is high time for us to draw up an agenda of Philippines-China relations without anyone else breathing down our necks.

Given this appraisal, what we need is a frame of mind to discuss issues and differences with the Chinese without bitter strife, but with the wisdom gained from our past mistakes in order to define the nature of our world, as well as the vision to chart a peaceful, orderly, and prosperous world.

What should Philippine priorities be in the era when a new



world order is emerging? Let me give some general suggestions before I address the issue of our relations with China and Taiwan. First, we need again to rethink our foreign policy goals in terms of what is most beneficial to the majority of our people, considering at the same time the interest of our allies, friends, neighbors, and former enemies.

For the last six years, our approach to foreign policy issues has been *ad hoc*, timid, and without clear direction. At best, it is but a continuation of the Marcos foreign policy that was framed to meet the challenges of the 1970s and 1980s. Worst, our foreign policy seemed to have been carried out in utter disregard of the interest of the larger number of our people whose lives and needs have almost nothing in common with their leaders who articulate these policies. Oftentimes, the policy does not serve the intended objectives.

In economic terms, we relied on a policy of borrowing from foreign and local banks which were siphoned off by debt negotiators to enrich themselves and their allies, leaving the payment of the debts to our citizens. At other times, our foreign relations consisted of no more than reacting to events and were often made to serve the vested interests of the ruling elite. For the greater part of our history, our relations with other countries were forged for us or pressed upon us by the United States and her allies. It is time that we formulate our foreign policy based on the needs and concerns of our people. That foreign policy enunciated by the late President Marcos for a bipolar world is no longer relevant as the basis for conducting our foreign relations.

Secondly, we have to put our own house in order if we are to tackle domestic and foreign policy problems. No country with serious economic problems and massive budget deficits will be able to forge foreign policy on the basis of quality, much less on strength. Aside from improving our ailing economy, we must unite our people and draw them to cooperate in nation-building. We cannot forever rely on exporting labor, for whatever remittances

are sent home, in the long run, cost us much more in terms of the delayed reconstruction of our own economy and society, not to speak of broken families and the debasement of our people.

What this means is that for any foreign policy to prosper, our government must draw up concrete plans to develop the country. Foreign policy must begin with the understanding that it is an instrument to realize and achieve our domestic needs and goals and not to please this or that foreign power or one narrow sector of our society.

Finally, our foreign policy must be based on our vision for our nation. If our vision is to have an independent, sovereign, united, prosperous, democratic nation, our foreign policy must be planned in accordance with this vision. We need a new orientation that would reflect the aspirations of the great majority of Filipinos rather than the small privileged caste of elite families and their relatives and allies in other countries.

Our priorities must be ordered in such a way that we must always take into consideration the needs of the vast majority of our people. We must address the social, economic, and political problems which plague our society. Once such an overall national development plan is in place, it is ready to proceed to work out our foreign policy. We can plan our foreign policy so that it is flexible and quick enough to cope with new and unforeseen developments that may arise at home and abroad. Once we are clear on our domestic goals, it will be clear to us what could endanger our security. We can avoid problems, reduce vulnerabilities and cost, maximize options, and even achieve our objectives without much cost.

Let me now turn to our policy vis-à-vis China. Sino-Filipino relations have suffered some strains and tensions during the past few years. China's current leaders complain of our disregard of the terms of the 1975 Joint Communiqué, which stipulates that we recognize only one China and that Taiwan is a province of China. The Chinese objection to the continuous visits to Taiwan

by Filipino officials and the reception of Taiwan officials by our political leaders. They also protest our signing a fisheries agreement with Taiwan.

From the point-of-view of some Filipino leaders, they believe that China is inordinately stressing the one-China policy, which to the Philippines is only one of the many aspects of Philippines-China relations. The invitation to Taiwan business people and the Taiwan government to invest in the Philippines is merely an attempt to rehabilitate the country's economy rather than a rejection altogether of the one-China policy. China's objection to Taiwan investments in the country is viewed, therefore, by some quarters as China's way of restricting our attempts to improve our economy.

On the other hand, China's passage of a law reasserting her claims over the Kalayaan Islands in early February of this year and her contract with Crestone Corporation to explore the energy and other underwater resources of the South China Sea is viewed by the Philippine side as a unilateral act taking advantage of the power vacuum created by the withdrawal of the United States from its Philippine military bases.

Meanwhile, China's diplomatic protests are scorned and disdained by some of our legislators and journalists. They ask: Why should China, whose government or business sector cannot provide our country with the economic resources we desperately need, prevent us from getting help from Taiwan when China itself is getting economic investments from Taiwan? Lately, they also ask why China refuses to agree to a peaceful multilateral arrangement in settling the rival claims to the territories and waters in the South China Sea. These differences have led some of our leaders to wonder whether Philippine interests are better served by embarking on a two-China policy.

In view of these issues, we need to resolve the Philippine interest in China and Taiwan. In case of a showdown, are our options limited to a case of choosing sides – either China or Taiwan?

These questions have no easy answers. But open discussion will clarify for us and our people the choices open for us. Similarly, we need to hold dialogues with Beijing as well as Taiwan. At the same time, there should be a clear understanding that dialogue will not produce overnight results. For instance, in our dialogue with the People's Republic of China, the Philippines must make clear to China its urgent need for trade and foreign investments from other countries, including that of Taiwan, and that China should not use the one-China policy to restrain or frustrate the Philippines from pursuing such a goal. We must emphasize to China that it is inevitable that economic relations involve official transactions and political actions by both parties.

China is well aware that the most-favored nation trade status it has received from the Americans involved political decisions – it is not a purely economic transaction. But neither should the Philippines go overboard to accommodate Taiwan's demand that unless we change our one-China policy, we should expect no help from its business community and government. We must also take note that Taiwan's conditions or terms for more investments and trade do not only involve a change of our one-China policy, but, on closer scrutiny, reveal that the Taiwanese have set some inequitable demands, among them:

1. the right of its business people to buy and own Philippine real estate;
2. access of Taiwan fishermen to Philippine territorial waters;
3. extra security coverage for its business people in the Philippines; and,
4. guarantee of a cheap and compliant labor force.

Before we modify our laws or policies to accommodate Taiwan in return for Taiwan's promise of economic aid, we must first ask for a bill of particulars and hold them to such an agreement in writing. We can even reverse the sequence in the negotiations. Why not ask Taiwan to fulfill her promise first before we revise our laws? What I am saying is that Taiwan's conditions for bringing

in more investments and increasing trade with us must be first examined in terms of long-term benefits to our country. Of course, we are all aware of the considerable economic accomplishments of Taiwan, and we know that if the Taiwanese are sincere in their offer of help, they can really turn our economy around. But in the real world, we must recognize that trade-offs are not based on promises and good intentions but on deeds and accomplishments.

Unfortunately, our leaders are ambivalent and are even divided on these issues. The issues are further muddled by certain interest and lobby groups who stand to benefit personally from the proposed deals with either Taiwan or China. This makes it very difficult to assess the events and the issues involved. Unfortunately, no one so far has come out clearly on the benefits we want to derive from our relations with China and Taiwan and how we are going to obtain them.

We must bear in mind that foreign policy built on parochial, factional, and individual interest usually falls prey to exploitation by the other side. Good results are best obtained when one negotiates on the basis of national interest and consensus.

If we truly want to institute an independent and nationalist foreign policy, it must be based on the will of our people. Although this may sound complicated and idealistic, it is actually very simple. We begin by collecting systematic information, by listening to different views and perspectives, by encouraging thoughtful and reasoned debates on national and foreign policy, then on the bases of all the findings, draw up our national goals. Only then can we confidently draw up and pursue our foreign policy. When all concerned Filipinos engage in this debate, they will see themselves as committed in a common venture. If we are to convince other nations to join us in undertaking a common enterprise, we must begin the search for consensus at home.

## Notes

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4. Robert Myers. "Ethnics in International Affairs," *Dialogue*, February 1991.
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9. James A. Baker III. "America in Asia: Emerging Architecture for a Pacific Community," *Foreign Affairs*, vol. 70, no. 5. America and the Pacific, 1941-1991. Council on Foreign Affairs, Winter, 1991.
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17. Michael Oksenberg. "The China Problems," *Foreign Affairs*, 1991.
18. "China Struggles Back onto Growth Path," *Electric Components*, October 1991.
19. Lo Chi Kin. *China's Policy towards Territorial Disputes: The Case of the South China Sea Islands*. London: Routledge, 1989.
20. *Ibid.* Lo has also taken a similar position – he takes issue with analysts who tend to look at China's position on the South China Sea islands as "irredentists."
21. Liu Jangyong. "On the Current Changes in the Asia-Pacific Political Scene," *Contemporary International Relations*, vol. 2, no. 3, March 1992.